

OFFICE OF THE TREASURER

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The Treasury Note

A monthly newsletter of California municipal finance.

March 1, 2004

Recent Bond Sales

If you are interested in purchasing any of the bonds mentioned below, please contact your broker.

General Obligation Bonds

The State sold \$2.0 billion in fixed-rate General Obligation bonds on February 19. The bonds sold at a true interest cost of 4.82 percent. The three major rating agencies, Fitch Ratings, Moody's Investors Service, and Standard & Poor's, rated the bonds BBB, Baa1, and BBB, respectively.

Bond proceeds will be used to finance the construction of various projects authorized by the voters under separate bond acts. These projects include: K-12 schools, higher education facilities, water security, clean drinking water, and coastal and beach protection.

Goldman Sachs & Co. led the sale as senior manager with Stone and Youngberg providing co-senior manager support. Orrick, Herrington & Sutcliffe LLP and Robinson & Pearman LLP provided bond counsel and co-bond counsel services respectively and Sidley Austin Brown & Wood LLP served as disclosure counsel. Public Resources Advisory Group served as financial advisor.

Trustees of the California State University Systemwide Revenue Bonds 2004A

The State sold \$158,010,000 in systemwide revenue bonds for the Trustees of the California State University (CSU) on February 5. The bonds sold in a negotiated sale at the true interest cost of 4.36 percent. Financial Security Assurance Inc. insured the bonds. Moody's Investors Service

rated the bonds Aaa with an underlying rating of A1 and Standard & Poor's provided ratings of AAA with an underlying rating of A-.

Lehman Brothers served as senior book-running manager with RBC Dain Rauscher as co-senior manager. Banc of America Securities LLC; Citigroup Global Markets; Chatsworth Securities LLC; Grigsby & Associates, Inc.; JPMorgan; Redwood Securities Group, Inc.; and Roberts & Ryan Investments Inc. served as co-managers. Orrick, Herrington & Sutcliffe LLP served as bond counsel and Kelling, Northcross & Nobriga provided financial advisory services.

Proceeds from the sale will refinance various ongoing projects and fund various new projects including: Channel Islands Student Housing, Phase I; San Francisco Housing/Property Acquisition; San Francisco Residence Apartment Building Improvements; Fullerton Parking Structure I; Los Angeles Parking Structure III; Northridge Parking Structure II; Humboldt Recreation Center & Field House Renovation, Phase I; Pomona Student Union Expansion; and Sonoma Student Union Recreation Center.

California Department of Transportation Federal Highway Grant Anticipation Bonds Series 2004A (GARVEE)

The State sold approximately \$625,000,000 in GARVEE bonds on February 25, however, at publication time final information regarding this sale was not available. Please check the April 2004 *Treasury Note* newsletter for more information.

Submitting Bonds for Payment

To complete a transfer or payment transaction please submit securities and documentation according to your chosen method of delivery:

By United States Postal Service

(Registered mail with return receipt recommended)

The Bank of New York

Attention: Fiscal Agency Department

P.O. Box 11265

New York, NY 10286

By Physical or Overnight Courier Service (e.g.: Airborne, FedEx, UPS, etc.)

The Bank of New York

Corporate Trust Window

101 Barclay Street, 7E

New York, NY 10286

To contact the Bank of New York directly for customer service or account information please call (800) 548-5075 or (800) 438-5473. Please have your CUSIP number available when calling.

For information on walk-in bond presentation at the State Treasurer's Office in Sacramento, please contact *Bondholder Services* at (800) 900-3873.

Bond Sales Calendar¹

If you are interested in purchasing any of the bonds listed below, please contact your broker two weeks before the sale date. For up to date information, check our website (www.treasurer.ca.gov) or contact *Investor Relations* at (800) 900-3873.

| Proposed Bond Sale | PAR Amount | Sale Date |
|---|-------------------|------------------|
| Department of Water Resources, Central Valley Project Water System Revenue Bonds | \$100 million | March 10, 2004 |
| Public Works Board: Corrections Refunding | \$250 million | March 22, 2004 |
| California Infrastructure and Economic Development Bank (CIEDB): State Revolving Fund | \$54 million | March 2004 |
| CIEDB: California Insurance Guaranty Association (CIGA) | \$700 million | April 2004 |
| General Obligation Bonds | \$1.7 billion | April 2004 |
| Public Works Board: Various Projects | \$450 million | Spring 2004 |
| Public Works Board: UC Regents Various Projects | \$585-755 million | Fall 2004 |
| Fiscal Recovery Bonds | \$8.8 billion | To be determined |
| 2003-04 Pension Obligation Bonds | \$800 million | To be determined |

¹Subject to change; the ultimate amounts and sale dates can be affected by legal, market, and other factors.

Redemptions & Defeasances

Please visit our website at www.treasurer.ca.gov/Bonds/redemptions/redemptions.asp or contact *Bondholder Services* at (800) 900-3873 for up to date redemption and defeasance information.

Bond Sale Appointments

California Insurance Guarantee Association (CIGA) Revenue Bond Program

The California Infrastructure and Economic Development Bank (CIEDB) is scheduled to issue the Workers' Compensation Relief Bonds, Series 2004A in April. Bond proceeds will fund a loan to CIGA, an organization created by the California Legislature in 1969, to pay claims of certain insolvent insurance carriers licensed to do business in the State of California. CIGA will use proceeds from a special assessment, charged to its member insurance companies, to repay the bonds. The following firms have been appointed to assist CIEDB with the sale:

Book-running Senior Manager: UBS Financial Services, Inc.

Co-Senior Manager: Goldman, Sachs & Co.

Co-Managers: Bear, Stearns & Co.; Cabrera Capital Markets, Inc.; Chatsworth Securities LLC; Citigroup Global Markets, Inc.; Estrada Hinojosa & Co.; Great Pacific Securities; J.P. Morgan Securities, Inc.; and Merrill Lynch & Co.